

# THE COMMUNIST INTERNATIONAL

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Official Organ of the Executive Committee of the Communist International



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R. Page Arnot

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## The White Terror and the Social Democrats

THE approach of further economic and political crises, the preparation of military encounters, primarily the war against the Soviet Union, and the fact of the rise of a new revolutionary wave in the Labour movement—also demonstrated by the May Day celebrations which were far bigger than last year, especially in Poland—find their echo in an intensification of the persecution of the revolutionary movement and the Communist Parties. In those countries where the White Terror rages this system is becoming increasingly more brutal, whilst those countries which have not yet adopted this system are doing their utmost to attain without delay this ideal in the policy of the oppression of the revolutionary Labour movement.

In Germany one Communist trial follows the other; it simply rains sentences; the government is preparing the dissolution of the Red Front Fighters, which has only been postponed by the court decision. In France the majority of the leaders of the Communist movement are either in prison or threatened with imprisonment and Sarraut, the Minister of the Interior, is quite clearly preparing to force the Party underground. In Great Britain after the General Strike the Government proceeded to persecute the C.P. and every serious struggle will help to increase this policy of persecution. In Czecho-Slovakia Communist trials follow one after the other and the censorship of the Communist press is still worse than was that of the Socialist press in the worst years of persecution in old Austria. Never before was such brutality used against demonstrating workers in the territory of the present-day Czecho-Slovakia as now, since the introduction of this "democracy." In Austria the government has begun a new era of Communist persecution by the arrest of Bela Kun and the joint work with Horthy's police bandits. In China, the bourgeoisie and the militarists pursue a policy of the physical mass extermination of the revolutionary workers and peasants, without, however, overthrowing the revolutionary movement. Japan stands so to speak

under the banner of Communist persecution, caused by the fright the newly-developed Communist movement has given the ruling classes. In those countries where White Terror holds sway, murder and assassination go hand-in-hand with the imprisonment of Communists. Where recently there was a lull in the reign of White Terror, as in Finland and Latvia, it has broken out again with its old intensity.

THE present wave of persecution and White Terror directed against the Communist movement is something quite different from that of 1919, after the overthrow of the revolutionary movement in Central Europe. This is not the White Terror of revenge, which the victorious bourgeoisie usually employs against the defeated working class and which also has the practical purpose of utilising the favourable situation for the complete and final extermination of the revolutionary movement. The present White Terror is not the violent persecution which the Social Democrats justified after 1919 as the "natural" result of the "Communist putsch." Now persecution is on the increase without any previous bitter or armed struggles. The Terror is being directed not against a defeated, but against a growing movement. The White Terror is not the result, not a tremulous aftermath of a struggle, but a part of the preparations which the bourgeoisie are making for the coming struggles. The present era of reactionary persecution may be well compared with the growth of reaction in Germany and Austria during the years immediately preceding the world war. For the present era of persecution is a part of the war preparation of the ruling classes; it is closely connected with all the other expressions of this policy. There is an unmistakable connection between Lord Birkenhead's propaganda trip to Germany as agent of the British war policy against the Soviet Union, the Italian-Hungarian fraternisation and smuggling of arms over the Hungarian frontier, the revival of the activity

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of the Russian White Guard murder organisations and the international capitalist spy service against the Soviet Union.

**T**HE action of the present bourgeois bloc government in Germany against the Red Front Fighters is a very clear proof of the connection in all this bourgeois policy. It is so clear that even the opposition press sees it and feels obliged to examine it. The "Kreuzzeitung" wrote in this respect:

"The Red Front Fighters' League represents the power of Bolshevism in Germany; it constitutes the basis of the Moscow Red Army in a country which has not by any means given up the idea of becoming revolutionary, and in the waiting period serves purely practical political purposes in addition to the work of continually perfecting its organisation. It acts to a certain extent on behalf of Soviet Russia when the State is engaged in foreign political conflicts. The Red Front Fighters' League constitutes the backbone of the pro-Soviet masses in Germany who at all times support the Soviet Union without any national considerations.

The "Volksstaat," the organ of the Saxon social-fascists wrote on April 23rd:

"On the occasion of Lord Birkenhead's visit, matters may have been discussed which not only appertained to the sport column, but also to Herr von Keudel and his new anti-Communist campaign."

On April 21st the left democratic "Plauener Volkszeitung," wrote at the conclusion of a long article entitled "The Front against Soviet Russia":

"Thus we are steering headlong into new and dangerous conflicts with Russia. The European proletariat is to be prepared spiritually to fight on the side of the capitalists in the war by means of a systematic agitation against Communism."

**T**HE international bourgeoisie knows very well that big decisive struggles await it. Imperialist and colonial wars and wars of intervention, big economic struggles and big political struggles in the various countries, all belong to the class struggle between the proletariat and the bourgeoisie. The correlation of forces between the proletariat and the bourgeoisie will decide the outcome of all these struggles. The bourgeoisie cannot be victorious in any one of these struggles if it cannot succeed in overthrowing the revolutionary proletariat and its vanguard the Communist Party. This is the main issue in all serious and political questions, which arise with still greater frequency in bourgeois States, clamouring for a solution. The bourgeoisie knows only too well that it can only wage a war against the Soviet Union simultaneously with a war against its own proletariat. And in this connection the persecution of the Communist movement and the increase in the White Terror acts as a barometer which forecasts the weather in capitalist countries, and this barometer is pointing with greater insistency towards storm.

**F**OR a proper interpretation of the position the attitude of the leaders of international Menshevism is most important and typical. Their attitude to

the White Terror vacillates between the immediate organisation and execution of the White Terror by the social-democratic leaders themselves and the other extreme in which the social-democrats fall victims to the White Terror. The more dangerous the position becomes for the bourgeoisie and the more the assistance of the social-democratic leaders is required to save the bourgeois order, the closer the relations between these leaders and the White Terror. In Bavaria, Hungary and Bulgaria the social-democratic leaders entered the first governments after the overthrow of the revolution to liquidate the revolution by means of the White Terror, and Noske and Severing proved to be the champion executors of the White Terror in Prussian Germany. But this willingness on the part of the social-democrats to sacrifice the workers in masses in order to save the bourgeoisie, does not prevent the bourgeoisie when it has a certain feeling of security from turning on its saviours of yesterday and slaughtering the social-democrats in their turn.

In the history of alliances there have always been such tragic occurrences. A symbol of this tragic misunderstanding was the case of the Bavarian social-democrat, Auer, who himself had been shot by a minion of the bourgeoisie, but presented Kurt Eisner's murderer with a bouquet of flowers in the hospital. Whenever it was possible the social-democrats withdrew from the White Terror in time before the masses came to their senses and regained sufficient strength to retaliate on these leaders. The social-democratic heroes of the White Terror only remained at their post until the bourgeoisie could dispense with their services. They then were satisfied to accept positions of lesser importance. In Germany they are chiefly Prussian ministers, police presidents who faithfully and untiringly carry out the campaign of persecution against the Communist movement.

But all this, of course, does not prevent the social-democrats from dragging out of the lumber room of pre-war times shibboleths against the police, class justice, prisons and White Terror in order to whitewash themselves in the eyes of the masses at those times when the bourgeoisie has no further use for them or only makes slight demands on their services. Still they make a poor hand of it and the false notes are easily heard. Hence it is very instructive to make a survey of things on the spot.

**I**N France the bourgeoisie has become united under the leadership of Poincaré and can manage without the immediate assistance of the socialists. Sarraut does not want the direct support of the socialists for the persecution of the Communists, so they can "intervene" to their hearts content both in parliament and in the press for the cause of liberty and against the persecution. They know that this will not worry the bourgeoisie and the bourgeoisie knows that the socialists will make no serious attack. On no account will they permit the masses to proceed against Poincaré. On May 1st the socialists were so considerate of Poincaré that they took care to avoid any demonstration, a fact which caused even the mild Longuet to lodge a complaint at the Conference of the Seine Federation of the Socialist Party on May 6th. By way of revenge on the Communists for having made their alliance with

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the bourgeoisie so difficult, the socialists are helping M. Sarraut in his attack on the Communists. Leon Blum in his fury at being defeated has appointed himself the special helper of M. Sarraut. It is he who circulates the lie about the election order which the Communists are supposed to have received in Berlin from Litvinov, and on the day of the second count he threatened in the "Populaire" to expose how the Moscow funds have corrupted the Communist Party. What more is necessary for M. Sarraut in justification of his anti-Communist campaign? The Communists are in the service and pay of a foreign power; how well the lackey Blum knows what his patron wants from him!

**L**ONG ago the socialist leaders laid down their arms before the Italian Fascists. They refrained from conducting the struggle in the country itself; it is only in the Soviet Union that Mensheviks resort to organising illegal plots. A section of the Socialist leaders under the leadership of D'Arragona capitulated before Mussolini, whilst others are content to moralise about him in the articles they write in exile. But Albert Thomas, the Chairman of the International Labour Office, has beaten the record by travelling expressly to Rome to wait on Mussolini and to make sure that his labour policy is in accordance with that of the I.L.O.

The behaviour of the German social-democrats is a classic example of treachery and baseness. The Minister Keudell has called for the dissolution of the Red Front Fighters' League, but the sponsors of this idea are the social-democratic leaders themselves and the social-democratic Prussian Minister of the Interior has taken the lead by disbanding certain local groups, and thus paved the way for the general dissolution. Altogether in Germany there is no reactionary baseness or method of White Terror against the Communists, which does not receive the support of the social-democrats. The social-democrats have done their bit in building up the background for the attack on the Red Front Fighters, for they not only support Stresemann's policy through thick and thin, but they also help to focus German foreign policy against the Soviet Union and are more energetic than any bourgeois party in rushing Germany into the arms of French and British imperialism. When Keudell demanded that the Red Front Fighters be banned, the social-democrats opposed this, but admitted in their press that this business was objectionable only on account of the elections. They were afraid that the Communists would mobilise the masses against this veto and they feared that this would cause them unpleasantness during the elections. Therefore, to forestall the attack of the masses they made it appear as though Keudell's demand to disband the R.F.F. would be of service to the Communist Party during the election campaign. The rejection of the ban by the Courts was partly due to the pressure brought to bear by the masses, but it is also a concession to the social-democratic fears that the Communists would use it for their own advantage at the elections. On this account we may assume that the ban of the R.F.F. is merely postponed for the present, and it

depends on the results of the elections, the successes of the Communists, whether the campaign against the Red Front Fighters will be resumed.

This instance shows clearly that the social-democratic policy was entirely controlled by election prospects and that only their fear of the masses made them withdraw their direct support from reaction and the White Terror. If the date of the elections had not been set for May 22nd, the reformist trade union leaders would not have issued the slogan of a general strike on May 1st and a joint demonstration in Berlin. It cannot be pointed out too often that every instance of the united front and struggle against the bourgeoisie on the part of the social-democratic leaders is a result of mass pressure; this must be borne in mind in connection with all united front demonstrations.

**T**HE social-democrats in Austria have a much freer hand than the Germans in respect of the government persecution of the Communists. This fact makes the underhand manner in which the "Wiener Arbeiterzeitung" is carrying on the pretended struggle against the persecution and extradition of Bela Kun all the more typical. The "Arbeiterzeitung" argues from the purely legal standpoint and the labour of love the extradition would signify to the Horthy government. There is no mention of the other international complications or that the struggle for Bela Kun signifies a struggle for power. If the "Arbeiterzeitung" were to do so it would be face to face with the question of the mobilisation of the masses against the base intentions of the Seipel government and the Vienna social-democrats do not want to have anything to do with a political struggle involving the masses on behalf of Bela Kun. Therefore to keep the masses from even desiring any such action the "Arbeiterzeitung," this protector of the worst crimes of the Hungarian social-democratic leaders, combines its would-be defence of Bela Kun with the most unheard-of abuse. It is a lie to say that he was one of the first to flee after the downfall of the dictatorship or that he escaped before this catastrophe; the "Arbeiterzeitung" represents his work in building up the Hungarian Communist Party as the work of the destruction of the Hungarian social-democratic party for the benefit of Horthy. In short, Bela Kun is represented as the enemy of social-democracy for the purpose of preventing the social-democratic workers from taking any action for his liberation should the position become critical.

**T**HE Polish social-democrats occupy the place of honour in all this vile campaign. The leaders of the Polish reformists and the Sejm—Marshal Daszynski, on the very same day that the "Wiener Arbeiterzeitung" praised him to the skies as the veteran hero in the struggle against police force in Parliament, allowed the Communist members to be ill-treated and put out of the House by the police, at the command of Pilsudski. For a long time past the Polish reformists in Warsaw have been organising special militant organisations, which comprise agents of the secret police, to carry on the reign of terror against the revolutionary workers in the streets, at meetings and to murder Communist officials. There are clear proofs of the close contact between the Polish reformists and the forces

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of the White Terror. Cases in point are the joint attack of the aforementioned social-fascist groups and the police during the recent May Day celebrations in Warsaw, the disclosures about the activity of the socialist senator, Malinowski, in the Polish political police, the cynical statement of the Polish Socialist Party that they consider work for the political police to be absolutely honourable, the preparations for an attack on the Communist member Sypula by the socialist councillor Sementkovski.

**T**HERE is also a trifling though interesting example worthy of mention in Czecho-Slovakia. The indirect collusion of the socialist leaders in Czecho-Slovakia in the persecution of Communists does not call for any special mention. But it is interesting to note how quickly the Trotsky renegades here follow in the footsteps of the reformist leaders. On the occasion of a Communist member of Parliament being condemned to prison and to the loss of his seat in the House, because he opposed the police, the organ of the Bruenn Trotsky group—which had been expelled from the Party—wrote as follows:

“Harus (the name of the Communist member) cannot object to the bourgeoisie using his own methods. This is only a proof that even in the ranks of the bourgeoisie Bolshevisation is gaining ground.”

This little instance shows how quickly a Trotskyist develops into a thorough-going reformist.

**W**HAT does all this prove? First of all that the impending big political and economic struggles will be accompanied by an increase in the bourgeois Terror against the workers. The bourgeoisie is making extensive preparations and the workers will in consequence have still greater difficulties to encounter at the very beginning of the decisive struggle. The bourgeoisie does not intend to be taken by surprise again. Therefore far more thorough preparations must be made for the coming struggles, and especially the large masses of the workers must be mobilised. The existence of Communist Parties constitutes the main premise for this preparation. At the same time this survey of the present situation shows that at the beginning the social-democratic leaders will not be merely indirect assistants of the bourgeoisie, but the organisers of the most brutal White Terror against the revolutionary proletariat. From this there are very important conclusions to be drawn for our united front tactics. The illusion that it is possible to win over the reformist leaders for the decisive struggle of the workers must now be fought more than ever before. But at the same time still greater efforts must be made to win over the masses of the workers. The May Day celebrations showed that the Communist Parties are making good progress on these lines.

## The Post-War State

P. Lapinsky

THE DESTINIES OF THE POST-WAR STATE: THE REGENERATION OF THE BOURGEOIS STATE; THE DEGENERATION OF BOURGEOIS DEMOCRACY

(Continued from last issue.)

**N**ONE the less Germany remains the true fatherland of State capitalism in its direct form (the entrepreneur activities of the State) just as we nowhere observe so developed and clamant hostility to any form of extension of the economic functions of the State and the local government organs as in France, where a centralised State, represented by an all-powerful bureaucracy, long since dammed the development of modern local self-government in order itself to retire the more completely before the insolent pretensions of “private initiative,” which after the war acted with all the power of good organisation and captured the colossal riches of “restored” Lorraine from the State almost as a gift. On the other hand, in Germany the capitalistic activity of the State begins to extend from the very moment of restoration of the economic system after the inflation catastrophe. “From the middle of 1924 we have seen a strong growth of public-right and semi-public-right economic enterprises. These enterprises embrace the whole field of economic activity: the production of goods and their distribution, banking and transport.”\*

An enumeration of even the larger enterprises wholly or partly in the hands of the State (the Reich and the allied States), not to speak of those in the hands of the towns, would occupy too much space. All the requisite material has been collected by the representatives of the private large-scale capitalist interests, in the work by Sogemeier devoted to this question, and in the lecture on “State Socialism and private economy” given by Jutz at a session of the chief commission of the Union of German Industrialists.† While availing ourselves of the material collected in these works, we shall refer only to the basic facts. The Prussian State alone owns altogether thirty-one mines and metal-working factories (including coal, iron, silver, potassium mines and so on). Following modern economic methods, in 1923 the State united the majority of the heterogeneous enterprises in

\* “Deutsche Wirtschafts und Finanzpolitik.”

† Dr. Sogemeier: “D. öffentliche Hand, d. privaten Wirtschaft,” Berlin, 1927. “Veröffentlichungen d. Reichsverbandes d. Deutschen Industrie,” 30th April, 1926. “Staatsozialismus und Privatwirtschaft,” von W. Jutz. The upper organisations of industry, trade, banks, insurance societies and so on, also devoted a whole joint session, the minutes of which have been published, to this question in November, 1926.

### The Post-War State—continued

a single stock company (known by the abbreviation "Reussaz") which in the very first year of its existence paid one million marks into the State exchequer. The enterprises which did not enter into the composition of the "Reussaz" were afterwards united in a second stock company (the Recklinghauser Bergwerksgesellschaft), with a share capital (entirely in State hands), of 57 million marks and enormous landed property, exceeding twenty thousand hectares. Finally, the third great enterprise of the Prussian State (Hibernia Bergwerksgesellschaft) also has at its disposal a share capital of 56 million marks. The enormous size of these enterprises is witnessed to by the fact that both the latter companies are allotted a quota of 12,833,000 tons in the coal syndicate. Following classic private-capitalist precedents in this matter also, the Prussian State, together with the Reich State, later exploited the difficulties in which the well-known Stumme concern found itself in order to ensure themselves an option on the enormous mines belonging to the concern. And in the same way Prussia exploits the smash of the Stinnes concern in order to assure itself twelve million shares of the largest electrical enterprise of all Western Germany, the "Rhine-Westphalian Electrical Works." The attempt by the same methods to obtain possession of two-thirds of the share capital of the well-known enormous Silesian enterprise, the "Heesche Successors," and so to ensure to the State the monopolist production and manufacture of zinc failed only because the fortunate rival was in this case American capital represented by Harriman.

The Prussian State has united the great port equipment in Emden, Duisburg and Stettin in one share company. It is systematically striving to extend its influence over the water transport of coal, and has obtained possession of the majority of shares of the "Rhein und Seeschiffarts Gesellschaft," the "Stromeyersche Kohlen und Lager-Gesellschaft," and similar companies.

In the endeavour to establish an extensive basis for its economic activity, at the end of 1925 the Prussian State introduced into the Landtag a bill (afterwards changed in form) to provide it with the most extensive right to establish for itself a fund of 150 millions for economic purposes by resorting to credits.

The other Reich States are following Prussia's example. For this purpose Saxony has set up an original type of central institution known as the "Sächsische Werk," uniting eighteen share companies of the most heterogeneous type, such as gas and electric works, enterprises for trading in coal and building materials, electro-technical works, and so on. Besides the "Sächsische Werk" a second central institution called "Kraftverkehr-Freistaat Sachsen A.G." unites twenty-five enterprises, mainly of a transport character.

But undoubtedly the Reich State has gone farther than any other in this direction. The retention of an enormous war inheritance in its hands, and the transformation of that inheritance in accordance with the experience and methods of modern private-capitalist practice, by the very force of circumstances drove the State to further acquisition, and led entirely to an enormous organisation and reorganisation activity. Formed

on the classic type of "holding company," the central federating institution, the "A.K. United Industrial Enterprises" (called by the abbreviation "Viag") comprises dozens of large-scale enterprises, the heterogeneous nature of which cannot but arouse astonishment. Into the organisation of "Viag" there entered the colossal enterprise "Deutsche Werke" and a number of electrical enterprises and works, nitrogen works, paper factories, refrigerator works, aluminium works, fishery enterprises, orthopaedic works. Just as Prussia endeavoured to assure itself the monopolistic production of zinc, so the Reich State guaranteed itself a decisive influence on the production of aluminium. It also produces copper in Westphalia, and participates in foreign enterprises for the production of bauxite. The listing of all those enterprises which are entirely the property of the State and of those in which it participates would alone occupy several pages.

The distinguishing feature of this enormous entrepreneur activity of the State is that it is financed by the State independently, not only with the aid of the general resources possessed by the State and of such large State banking institutions as the Prussian "Seehandlung," but from credit institutions, such as the "Reichskredit Gesellschaft," specially established for this purpose. Emerging originally from the Statistical Bureau of the Treasury, this institution has gradually been transformed into a mighty banking concern, more and more definitely acting as the open rival of private banks. The bills of exchange section of the "Reichskredit Gesellschaft" exceeded three milliard marks towards the end of 1927. During the same year the company paid a dividend of more than three million marks, i.e., only slightly less than half that paid by so powerful an institution as the "Darmstadter und National Bank."

But undoubtedly the sphere which has seen the maximum development of State capitalism is that of the production of electrical energy. In this sphere is taking place an exuberant growth of directly active, and in its forms, not infrequently aggressive economic development on the part of the State and municipal organs. At the last meeting of the Siemens-Halske Company the chairman of the watching committee, von Siemens, declared that according to the latest estimates 75 per cent. of all the electrical energy consumed in Germany is produced by electric power stations in the hands of the State, communal unions or joint enterprises. According to other estimates, out of 2,669 German electrical enterprises with their own power production equipment in 1926, 1,920 power stations with a total power production capacity of  $3\frac{1}{2}$  million kilowatts were in the hands of private or joint enterprises, while 779 power stations with a total power capacity of 2.6 million kilowatts were in the hands of public organisations.\* From this it is at least clear that the State and the municipalities had both the more modern and the more powerful stations at their disposal.

We do not observe a similar development in quantitative relationships in any other great country. With all its colossal development of electrical economy not more than some five per cent. of the total power of all the electric-power stations falls to the share of the State

G. Dhere: "D. Deutsche Elektrizitätswirtschaft," 1926, p. 65.

**The Post-War State—continued**

and municipal enterprises in the United States. But a growth of State interference, as a regulating and planning factor, is more or less observable everywhere. The British Electricity Bill of 1926, which provides the State with extensive rights and drew down on itself accusations of being of a "socialistic tendency," formed an historical landmark in this connection in Britain. The interference of public organs in this sphere has unquestionably attained higher limits. The significance of that fact can be estimated if it be remembered that it is in this very sphere that capitalist economy is passing through a period of violent development; according to information supplied by organisations of industrialists to the international economic conference, the production of manufactures of the electrical industry has doubled by comparison with the pre-war period, while the output of electric power has exceeded the pre-war normal by three and four times.\*

At the present time a stubborn struggle is going on in Germany between the towns and the Ruhr-Westphalian industry, which is striving to concentrate the production and distribution of gas throughout the country into its hands by means of an extensive system of long distance supply.

All these facts taken in conjunction allow of individual German publicists declaring that the centre of gravity of what is the most modern and the most decisive sphere of economy, the production of energy, is gradually moving in the direction of public bodies.†

Finally, we point to the fact that even the flood of foreign capital, which, Nile-like, is restoring the fertility of the German national economy, is in great measure drawn into the current of State and municipal bodies, and only through that channel does it drop into the plains of economy. According to a recent declaration of the president of the "Reichsbank," Schacht, out of a total sum of 5½ milliards in long termed foreign loans, only 2½ milliards fall in their entirety to the share of private economy, while the remaining three milliards fall to the share of public bodies, including 1,300 millions to the share of various of the union States, municipalities and municipal unions.‡

We have not distinguished between the local organs of self-government and the State in the narrow sense of the word: we shall see later that what is in itself an essential difference has only a relative significance for us.

So far we have been discussing the manifestations of State capitalism in the straightforward sense of the word. But despite all their development in various countries those manifestations undoubtedly are of secondary importance as compared with the regulating functions of the modern State, which are more generally distributed.

### **The Increase in the Regulating Functions of the State. The Sources of State Capitalism.**

In this sphere of indirect, hidden State capitalism also it would be an extremely difficult task to enumerate all the spheres of State activity. Here also the develop-

ment after the end of the war was not retrogressive, but wholly and completely progressive. Nor could it be otherwise. For here also we are dealing with a profound, an inevitable historical process, bound up with all the existence, all the nature of post-war capitalism. Perhaps in still greater degree than in the sphere of manifestations of State capitalism in the narrow sense of the word, we have here to deal with two fundamental facts, which are impelling development in the indicated direction.

These are, first and foremost, the growing inability of private-economic forces (despite all their development and concentration) to deal successfully with the hopelessly accumulating difficulties and contradictions of development off "their own bat," in other words, without the aid of the direct interference of the State. This provides us with the explanation (and we shall return to this point later) why the very attitude of the directing private capitalist circles to this irresistible process of growth in the State's regulating functions is itself so intrinsically contradictory; why these circles, while never ceasing to curse at the growth of these functions, simultaneously never cease to seek aid for themselves by way of State interference.

That is one fact, a fact of far from transient character, for it is bound up with the entire condition of chronic crisis of the capitalism of our day.

The second fact, of a different and in a certain sense diametrically opposite nature, is the growth of the social-class difficulties against which post-war capitalism clashes, and those which were left in heritage from the post-war period. On the one hand, despite the defeat of the revolution, it is no longer possible to fling the masses back entirely into the former pre-war condition. Fragments and remnants of various conquests achieved by the proletariat have remained within the organism of the capitalist State from the war and first revolutionary period. There are left, too, various semi-Bonapartist legends and myths, which have entered into the official doctrine, into the unwritten constitution of the capitalist State: legends and myths in accordance with which that State is "bound" under all conditions to assure all sections of the population a certain tolerable standard of life, a certain existence minimum. This "paternalistic" teaching has led partially to the direct and crude deception of the masses, but also it partially continues to burden the capitalist State, complicating its movement. And in practice it was bound to find its expression in a number of definite phenomena, in particular in various forms of insurance and maintenance of the unemployed, but first and foremost in the common fact that the post-war State has had to a certain extent to replace and complement the private entrepreneur, in order to assure the working class not even so much a higher standard of existence, as the pre-war, or one not too far removed from the pre-war standard. The existence level of the masses only just maintains its pre-war position (or falls behind it); even the most conservative of British statisticians (Bowley and Stamp) admit that the distribution of the national income has not changed in favour of the non-possessing classes, in other words, that the class contradictions have rather deepened; but the actual composition of the proletariat's income has changed at the cost of wages and in favour of all kinds of social receipts, in some way or other guaranteed by

\* "Industrie Electrotechnique," p. 21.

† G. Stolper: "D. Deutsche Wirtschaft-problem," p. 22.

‡ Dr. Schacht: "Eigene oder geborgte Wahrung," p. 20.

**The Post-War State—continued**

the State. This is a circumstance of no little importance, to which we shall return later.

On the other hand, in those critical moments when their foundations are slipping from under their feet, the capitalist groups are more than satisfied that the State should become that organ which, even temporarily yielding in certain respects and at their cost, none the less saves the fundamentals, namely their existence and their dominating role. And any at all large-scale fluctuation, any aberration in the political and economic conjuncture, changes their attitude to this phase of the State's activities; at one moment they hide behind the skirts of the "paternal" State, the next they are frenziedly attacking the development of this same "paternalism." And all this taken in conjunction also exactly determines the instability, the dual nature, the intrinsic inconsistency of the attitude of the capitalist classes to the growth in regulative functions of the post-war State (with which we still have essentially to deal).

These are, roughly speaking, the basic historical sources of the growth of these forms of State capitalism in the economic and social-economic sphere.

The refrain anent the over-development of these functions has become a definite part of the litany of capitalism's "stabilisation" ideology. We can hear that refrain every day in France: it was sung especially loudly in 1926 in Britain, when the great struggle between the miners and the coal magnates broke out, and when the latter demanded that the State should at last get out of the way, leaving the struggling parties alone on the battlefield; and this refrain is taken up at every public appearance of large-scale capitalist circles in Germany. In the last annual report of the most flexible and modern of the great German banks, the "Darmstadter und National Bank" (a report which received universal attention), we read:

"The State, as the supreme authority, should not abandon its neutral position, from the height of which it has to watch over the whole course of events. Meantime it is more and more interfering in the natural process of development, and in growing degree is being transformed into a determining factor of our economic life. It fixes the rate of rents, it directs the building of houses, it dictates prices for coal, iron, potash, it itself carries on enterprises on an enormous scale, and is increasingly extending its activity in the banking and credit spheres, imposing taxes not only on income, but on capital also, and from a certain central spot dictatorially determines the wages and length of the working days."

But wisely enough here also are not enumerated all those categories of growing State interference which in view of all the fluctuations of the post-war economic and political situation are desirable to large-scale capital: in the wider sphere of all forms of protectionism, of direct and indirect support, given by the State to industry and agriculture. Meantime never before has the tutelary character of the State's activities in this very sphere ever reached such dimensions.

In particular agriculture in such countries as Germany, and partly in France, Britain and the United States, literally overwhelms (and, as we know, by no

means unsuccessfully) the State with demands for all kinds of indirect support in the form of higher protective tariffs, a "maintenance of prices" policy, the organisation of departments for rationing production, safeguarding credits, direct subsidies and so on.

And it is characteristic that these demands put forward by capitalist agriculture in a number of countries (first and foremost in France and Germany) are actively supported not only by large-scale industry, but in this case even by the banks, in large measure from purely social motives of a reactionary nature.\*

And while, say, the German industrialists raised a shout about "principle" at the end of 1925, when the British Government decided to subsidise the coal-mining industry from State resources, protesting against all forms of subsidy as contrary to "the natural play of international economic forces," those howls could not conceal the fact that by the will of history it is Germany which has become the classic country of subsidised capitalism. Without mentioning such indisputable instances as the unexpectedly revealed fact of a subsidy outside all parliamentary control, of almost a milliard marks to the Ruhr magnates, in compensation for the losses due to the occupation, the entire practice of the Versailles Treaty and of reparations on the basis of former plans and the Dawes Plan, the whole practice of compensation for losses, payments in kind, and so on has led on a colossal scale to absolutely extraordinary degrees of intimacy between the resources of the State and private-capitalist economy. On the basis of compensation on the part of the State, compensation that can be controlled only with difficulty, whole mighty spheres of industry have developed, as for example the ocean liner enterprises (Hamburg-America and similar lines). And what was the entire inflation policy, if it was not one absolutely colossal subsidy, paid by the agency of the State to large-scale industry at the cost of the middle and proletarian classes? The State subsidised industry to the maximum at the very period when it was itself most impoverished and financially impotent. At that moment the State was transformed in the hands of the upper groups of industrial capital into a mighty instrument for the re-division of the national wealth. And with the very help of the State the entire industrial-capitalist armaments of the country were saved (and even greatly extended) at the cost of the non-possessing and middle classes.

**The Role of the Currency Policy of the State and Issuing Banks**

But the inflation period was only a transition stage. The colossal role of the currency-credit policy of the State did not end with the cessation of inflation. It only passed into a new phase. One can say without exaggeration that in no other sphere has the modern capitalist State acquired such incomparable influence on the whole course of economic life, on the curve of prices, on the entire development of the economic situation, and (directly and indirectly) on the whole existence level of the masses, on the degree of development or decline in unemployment, and even in some measure on the degree of intensification of direct class antagonisms, as through

\* In the above-mentioned annual report of the "Darmstadter und National Bank," Jacob Goldschmidt defends the interests of "agriculture, as an equivalent (!) factor of our (German) economic development."

## The Post-War State—continued

the very machinery and resources of its currency-credit policy. There is absolutely nothing to compare with the modern influence of the State in this sphere in anything known to us of the pre-war period of capitalism. The world (and European in the first place) impoverishment of capital, the corresponding increased demand for credit, the incredibly increased inequality in the distribution of capital as among various countries, the concentration of gold in the hands of the States; all these factors were bound to ensure unprecedented power and influence to the organs of the currency-credit policy of modern capitalist governments. The influence of this policy and of its directing organs became all-embracing (within the radius of its activity) and simultaneously much more subtle, less noticeable, even directly conspirative.

In general the facts of this sphere are too well known for us to deal with them in detail. We need but to mention the policy of the return to gold in Britain, or the policy of regulating world prices by the directors of the Federal Reserve Fund, working under the direct control of governmental offices, in order to realise the unbounded extent of that influence, an extent of which the former banal masters of the art of increasing and decreasing discount never even dreamed. Through its direct and indirect organs the State is openly and secretly influencing the development of prices, it determines the tempo of exchange speculations, rations credit, now closing, now opening wide the access to foreign credit inside the country, now stimulating the credit of the organs of local government (and consequently of their economic activity), then extending its chastising arm above them, now diminishing real wages, and so on.

Of course, we do not mean to imply that in all this the State is directed only by its own impulses. On the contrary, all the fluctuations of this policy are merely the reflection of the not always apparent laws of modern capitalist elements with their fierce, intrinsic contradictions. And in no other sphere has rent and finance capital carried out or is carrying out its policy so directly as through this very means of the currency-credit policy of the State and its organs. Here the hegemony of international finance capital finds its chief weapon and here it has its clearest expression. The inflation period temporarily curtailed and befogged that hegemony. The currency-credit policy of the State during the period of deflation triumphantly rehabilitated and restored it. That is true above all of the basic countries for export of capital, Britain and the United States. Here the fusion of the State machine and (as they are called in the U.S.A.), the international bankers has been the most complete. The predominance of the interests of finance capital was not to be hindered by the protests of the industrialists against too abrupt methods of deflation (in Britain) or against too crude forms of rationing and the dearth of credit (in Germany), or against the sacrifice of certain local interests in favour of the higher international interests of finance capital (U.S.A.)

It is to the point to mention here the extraordinarily developed role of the central emission banks, which are the points at which there is the most direct form of "alliance" between the State and private bank capital.

In those places where the "independence" of the issuing bank is recognised (in Britain, or in Germany in 1924), it is really a "juridical fiction": in so far as it is not a fiction that "independence" connotes the intensification of the influence of private finance capital on the whole policy of the bank. The "independence" of the "Reichsbank" from the State, which was forced on Germany together with the Dawes Plan, connotes in addition the strengthening of its dependence on international finance capital and on other States over and above the German State. In none of the modern great States is the central emission bank welded so directly with the State on the one hand and with the entire system of the larger private banks on the other, as in the metropolis of modern finance capital—in the States (where, as is well known, the Secretary to the Treasury is formally a member of the bank administration, and where the governor of the bank is appointed by the President).

And this role of the higher organs of the "alliance" between finance capital and the "democratic" State has noticeably increased in the last phases of the post-war period.

They are the main channels for the currency policy which has come to have such great importance. When necessary they almost openly blackmail the shortlived "left" government (as with the Herriot government in the spring of 1925). And so on.

The directors of the main issuing banks have recently organised their own distinctive international corporation, a bank triumvirate or quadrumvirate, the conferences of which are attended by much less publicity than those of foreign ministers, but unquestionably have no less significance. Perched on the gold chests of the Federal bank, Mr. Strong, in co-operation with his colleagues (and in particular with his British colleague), or without them, "regulates" the international movement of gold, the international development of the discount rate, long and short-term credits, raises and lowers the level of world prices, or "stabilises" them, determines the "rain and shine" of the international economic situation. Although his powers in this sphere, of course, are not entirely "absolute" (unfortunately for these gentlemen, capitalism knows no absolute) none the less the history of capitalism has never known a similar degree of power and influence. In a book just published, dealing with central banks, and provided with a viaticum by Montague Norman, the governor of the Bank of England (and also containing an entire chapter on "The Co-operation of Central Banks"), we can find the following eloquent remarks on this head:

"The so-called automatic character of the gold standard was always, even in pre-war days, subject to certain essential reservations. But since its general restoration after the crash of currencies which occurred after the war, the gold standard has become a definitely 'manipulated' standard in the hands of the directing central banks. The degree of participation which these banks can obtain by means of their healthy policy and their world-wide co-operation in the establishment and maintenance of stable conditions for industry and for labour, is enormous. This power takes second place perhaps only by comparison with the power of governments in the widest sense of the word,

**The Post-War State—continued**

a power which, in accordance with its direction, acts for the benefit or the injury of entire communities."

Thus the "presidents" and "governors" of the issuing banks would appear (according to the authors of the work mentioned) to be something in the nature of parallel governments, and Mr. Strong, who heads up this quite small company, would essentially appear to be in himself something in the nature of an international "government": does not this fact connote a certain innovation in the real, unwritten constitutions of modern "democracy"?

**The State and Rental Capital. "Fusion" with Deposit Banks.**

In this general system of phenomena which we have been discussing, we invite attention to one particular phenomenon of no little importance, which at one time we rather lost sight of owing to the fog of inflation. I refer to the growing connection between the modern capitalist State and rental capital. The basic fact in this regard is that during the war and the first years after, the intrinsic character of rental capital fundamentally changed. All the main warring European countries found it necessary to free themselves of a large part of their rental wealth founded on many years of export of capital, in other words on interest guaranteed by receipts from other countries,\* and simultaneously all forms of rental capital based on internal indebtedness, i.e., on interest guaranteed by the State, grew in still greater degree. The revolutions in Russia and Turkey struck further blows at the old forms of "foreign" rentals. As the result rental capital took on the form of State obligations to an extent unknown hitherto. The pockets of the taxpayers became the main source of rental capital interest and the State became the chief pump to pump out capital from this source. In this connection France provides the clearest example. But in Britain also enormous and permanent changes took place. Bowley and Stamp estimate that the income received by Britain from abroad is at the present moment about five per cent. of the total national income of the country, while before the war the proportion was about nine or ten per cent.;† in other words, the importance of this category of income has diminished by approximately half. Simultaneously internal indebtedness, i.e., State rentals increased more than in any other country, swallowing up over one-third (about 38 per cent.) of the total national budget and representing more than seven per cent. of the national income (according to the estimate of the same authors, and also of the Colwyn Committee).

In other words, from year to year the State is pumping out of the pockets of the taxpayers into those of the credit-holders over seven per cent. of the income of the country, for which purpose they use nearly forty per cent. of all State receipts.

\* According to various estimates Britain lost a whole quarter (about five million dollars) of its foreign investments. France lost to an incomparably greater extent, for her Russian, Turkish and Bulgarian loans alone amounted to a little less than half of the total sum of her foreign investments, which in 1914 were reckoned at a figure of approximately eight milliard dollars.

† "The National Income, 1924." Oxford, 1927, page 52.

Basing ourselves on Bowley and Stamp's figures, we may represent the changing internal relationship of various forms of rental capital as follows: in 1911 the total proportion of all forms of "unearned income" was 24½ per cent. of the total national income of the country, of which sum nine or ten per cent. comprised the proportion of receipts from abroad, while the remainder, i.e., fourteen or fifteen per cent. was income drawn from the country itself. In 1924 the same total proportion was reckoned at the diminished figure of 22 per cent. but of this total figure the proportion of "foreign" rentals comprised only five per cent., while the proportion of "internal" rentals was seventeen per cent. 10:14½, and 5:17; represents a simply enormous alteration of relationship in the intrinsic structure of rental capital. (Explained in no degree by the process which has gone on parallel with it of the comparative growth of investment in local, i.e., in national industry.)

From this it is clear what role the modern State plays in the matter of wealth in the form of rental capital, and how far that capital has become "fused" with the State. All vacillations of State currency policy are reflected in the most direct fashion and in the first place on rental capital. This has given the State enormous power to its hand, has afforded it the possibility of definitely and systematically supporting and strengthening the reactionary attitudes and the reactionary elements within the country. The period of deflation was the period of the revenge of rental capital in the economic and political spheres, and coincided with the period of the universal triumph of reaction. In their revalorisation policies, Mussolini and Poincaré undoubtedly took the interests of rental capital more into consideration than was desired by industry. Whilst in Britain the whole currency policy from the first moment of the setting up of the Cunliffe Committee was first and foremost the policy of the rental and banking interests, with which industry reconciled itself only with difficulty in its struggle for maintaining high prices and for the reduction of costs. "The second difficulty" (in Britain's economic problem) Stamp wrote in 1922, "consists in the fact that the country sees that its fixed burden arising out of the payment of interest and the reduction of debt is a continually growing proportion of its entire income and resources."\* According to the minority report of the Colwyn Committee a full two-thirds of the post-war debt was contracted at a time when the value of the pound was lower than it was later when the State had to pay for these debts. But not one British Government dared to offer any opposition to this further increase in rental capital guaranteed by the State as the direct result of deflation, despite the secret and hidden opposition of industry. All were unanimous, from Snowden to Churchill: rental capital had to remain the dominating element in British financial policy.† Rental capital and the State "fused" to a degree unknown before the war.

\* "Wealth and Taxable Capacity," 1922; p. 174. (For which reason the author, a very prominent railway and financial magnate, saw nothing strange in the fact that at the present time there is an increasing extent of social opinion which considers that deflation was a bad policy." p. 275.)

† The question of the importance of rental capital in British economic policy was very interestingly dealt with by comrade Varga in an article devoted to the 1926 strike.

## The Post-War State—continued

The "fusion" of the modern State and the deposit banks as the main holders of rental values and the closest executors of the world credit policy of the State was bound to progress along the same line. During the war and the years immediately after, when the policy of large-scale loans continued to flourish, these banks became simply subsidising organs of the State. The co-operation between the State and these banks then reached its greatest dimensions. The colossal quantities of State paper was bound to become somehow or other stranded in the coffers of the banks, increasing the interest of those banks in maintaining the paper at its maximum value and stimulating them to exert pressure on the State in the corresponding direction. An instructive figure on this question is given by Layton, the editor of the "Economist," who stated to the Colwyn Committee that according to his estimates of the total amount of State paper, over ten per cent., i.e., 820

million pounds, was in the coffers of the banks and the Bank of England, not taking savings banks into account! Taking the latter into account, the figure was 1,275 millions.† The immensity of these figures becomes clear when it is remembered that the total sum of Britain's pre-war indebtedness was a smaller figure (656 million pounds) than that proportion of it which is today deposited in the banks. That fact speaks eloquently enough of the interest the banks have in rental capital and of their inevitable convergence, their "contraction" with the State.‡

† To another manifestation of the regeneration of the modern capitalist State, and in the first place of the growth of its influence on the entire existence level of the proletarian masses, with which the development of modern reformism is inextricably bound up, we shall return in another article, and at the same time we shall deal with the question of what has happened to the bourgeois-democratic integument of this regenerating capitalist State.

‡ "Report of the Committee on National Debt and Taxation," p. 360.

# The Polish Socialist Party

## The Watchdog of Fascism

G. Valetsky

THE Polish branch of the counter-revolutionary Second International has attracted general attention by shooting down innocent workers on May the First on the Central Square in Warsaw during the demonstration under the leadership of the Communist Party. The bloodshed was the work of the Polish Socialist Party militia.

What is the Polish Socialist Party? In what way does it differ from the other parties that belong to the international family of social traitors? Are its special traits peculiar to the family in general or are they an exception?

The Polish Socialist Party in the international campaign of the social traitors occupies the very same position as the Polish capitalist landowners' government does amongst the world capitalist governments. In every country the social-democratic parties have joined up with the capitalist State machinery of their fatherland, established a certain blood relationship—this may be regarded as the general rule for the post-war Second International and Poland, of course, is no exception to this rule.

Let us examine the general physiognomy of the present Polish Republic. In the political sense it was born as the indirect result of the imperialist war and two revolutions, the Russian and the German. Its statesmen sometimes served in the Kaiser's army, sometimes in the Entente and Tsar's armies, or in one or other by turns. The patriotic ideology of the State is nourished by proclaiming the necessity of healing the wounds which remain after the centuries of national oppression; these wounds are being healed by the plaster of various strong national minorities, held by force within the precincts of the newly formed Poland. The

economic life of the country was ruined by the hordes of the Tsar and Kaiser Wilhelm, who used Poland as a cockpit or occupied rear. During the Polish-Soviet wars it began to revive with the assistance of the funds of the anti-Soviet supporters, in order to supply the needs of the military.

The country is without any firm basis for its economic growth either at home or on the foreign market, it experiences crisis after crisis, foreign banks hesitate to finance it because of its unstable position, and when they do they only grant scant loans at enormously high rates. The outcome is that Poland drags out an anæmic economic existence under conditions of post-war capitalism. The big imperialist powers support Poland as a bulwark, a barbed wire fence, a weapon against the den of the Bolshevik monster, whilst it, with its population of thirty millions and its standing army of three hundred thousand, is building up its own imperialist programme and keeping up the morale of the country by its Great Power mania. Having tried all sorts of government combinations, Poland has become "stabilised," with the help of a coup d'état and a three-day civil war, on the lines of Fascist dictatorship.

The social-democrats of this Poland, in the S.P.P. played a very great part in all these adventures. The S.P.P. adhered to the formula that "absence is always wrong" and sympathised with everything and participated in everything. Like the old French senator of the time of the Second Empire, who began his political career at the time of the restoration, the S.P.P. could say with patriotic pride and the feeling of having fulfilled its duty: "Show me the government which I would not have supported!" The S.P.P. was taken, hunted, suffered, beaten and rewarded, used and cast aside, spat

**The Polish Socialists—continued**

upon, given kicks and offered a back seat, but it never learned! Its policy vacillated, it took office and formed an "opposition," but the extent of these vacillations never went beyond the bounds prescribed by capitalism and the State.

After the Fascist coup d'état of Pilsudsky, in May, 1926, the S.P.P. immediately joined the new regime, offering its services to act as a dam. The S.P.P. of the present day remembered the ties that bound the newly-baked Polish Duce with the old S.P.P. during the 1905 revolution and counted on Pilsudsky's including the social-democrats in his "bloc" and sharing power with them. But Pilsudsky had no use for a bloc. The Fascist dictator on the day after the coup d'état was guaranteed the active support of all big industrial concerns, bankers and landowners, and decided to discredit, disintegrate and abolish all political parties and destroy the power of the politicians. Hence he relied on the officers' corps and the civilian army, supported by the economic bourgeois bloc, and decided to construct the State on the lines of a Fascist dictatorship with a conditional "national representation." He had no intention of sharing power with anybody, least of all with that clique of petty ambitious demagogues, whom he knew only too well, the new generation of S.P.P. leaders. He replied to their advances in a rough offensive manner, using expressions peculiar to him, but not exactly what might be recorded in print. He knew that the major part of the old leaders of the S.P.P. would serve him unconditionally since they too had gone through the same evolution of "ideas" which had induced him to "save" the fatherland by means of Fascism. He knew that the other "leaders" who demanded recompense for their support would be forced to support him since they had no other alternative; he was fully aware of the value of their "opposition." He was convinced that the comic opera row within the S.P.P. between the "Pilsudskyites" and the "anti-Pilsudskyites" must end in his favour.

When it became known that the first elections to the National Health Insurance under the Fascist dictatorship in November, 1926, ended in the victory of the Communists over all other parties, the "anti-Pilsudskyites" and "Pilsudskyites" waited upon Pilsudsky, on behalf of all their colleagues, with the offer to support him on one condition: that he find repressive measures which once and for all would prevent the Communists from competing with them at election time. Pilsudsky replied that he would beat the Communists for his own sake, but that they might settle their account with them as best they could.

A year and a half have elapsed. The S.P.P. apparently criticises, screams about its "opposition" and the defence of "democracy," not exactly against Pilsudsky himself, but against his reactionary advisers and place-hunters, whereas in reality it has supported all existing measures of the Fascist dictatorship and served with all its strength the cause of "stabilisation" sponsored by the dictatorship.

The S.P.P., through the instrumentality of the trade unions under its leadership, has played the part of strike-breaker and traitor in all the strikes against "rationalisation," wage cuts and attempts to lengthen

the working day which are now so frequent throughout Poland. It has continually supported the system of "arbitration" with government intervention, thus depriving the workers of the right to strike. It has based its entire economic "programme" on the Fascist "commission of enquiry into the costs of production," which was organised by the government and the industrialists with the participation of reformist "experts." The S.P.P. has supported the increased White Terror directed against the revolutionary worker and peasant organisations. It has acted as skirmisher in the attack on the U.S.S.R., in the preparation of the military adventure against the Soviet Union.

The S.P.P. took an active part in the war preparations against Latvia. Members of the party traversed the Baltic capitals as agents of Pilsudsky, canvassing amongst the social-democrats in those countries for supporters of armed intervention against Fascism . . . in Latvia!

It supplied Pilsudsky's government with ministers (Moratchesky and Yurkevitch), leading State officials (Foluvko), governors and chiefs of police. In the foreign press, by means of its connection with the Second International, it has carried on active propaganda against the accusation that Pilsudsky advocates Fascism, propaganda which denies the existence of the White Terror, in the "democratic" Polish Republic.

It has carried out all this work without any direct political reward on the part of the Fascist dictatorship and capitalism which it has served; it has merely fulfilled its historical mission as the party of social traitors. However, all this has not helped the S.P.P. amongst the workers. All through 1927, on every occasion that arose of proving its influence on the workers, especially during the municipal elections, the results have shown that the illegal, persecuted and hunted Communist Party has carried the day at the expense of the S.P.P. The Sejm elections at the beginning of March, 1928, resulted in the complete overthrow of the S.P.P. in all important industrial centres where the Communists secured a majority amongst the workers.

The government organ "Glos Pravdy" (6-3-28) wrote a classic survey of the catastrophic bankruptcy of the S.P.P.:

"As regards the S.P.P., the present elections have brought to light a serious infirmity, which is undermining this one-time deserving party, and this despite the increase in Sejm deputies. The S.P.P. is ceasing to be a workers' party, this is the lesson of the recent elections. What we prophesied some time ago, in criticising the policy of M. Nedzaylkovsky (the editor of the central organ of the S.P.P. and leader of the "anti-Pilsudskyites"), has happened; the S.P.P. is leaving the leadership of the workers to others and is becoming the party of the petty bourgeoisie and the peasantry. The socialists lost seats in all working class centres: in Warsaw, in Lublin, Cracow, Przemyśl, the oil regions, etc.; whereas they increased the number of seats in agricultural centres. What does that signify?

"Simply that the S.P.P. operates correctly as an electoral body. It secures seats wherever it can. If there is no chance where it was in power yesterday, then it must turn to other centres.

## The Polish Socialists—continued

The main thing is that politicians who live by their party work retain their parliamentary incomes. But the role of the S.P.P., as a workers' party is reduced to nil; it must undergo a big change and as far as the government is concerned it will be necessary to consider the question of finding a substitute for it in the ranks of the workers." (The author apparently refers to the project of workers' corporations for the Polish workers on the lines of the Italian.)

The "Głos Prawdy" of March 8th again refers to the defeat of the S.P.P. as a working class party and points out what is for them a most unpleasant truth:

"The S.P.P. has suffered a loss of working class seats during the elections notwithstanding the fact that its opponents on the left were not permitted to contest the elections freely; this aspect must be given the most serious consideration."

Thus writes the government official organ which let loose the White Terror against the Communist Party in favour of the S.P.P.

The S.P.P. utilised the imposing number of seats secured in the new Sejm in order to back its claim to the presidency of the Sejm, in spite of Pilsudsky's wishes. This candidate was Dashinsky, an old Pilsudskyite, who when elected immediately directed the entire Sejm on the lines of the dictatorship. In an interview published in the press, Dashinsky formulated his task in the following manner: There are two wills in Poland—the concentrated will of Marshal Pilsudsky and the will of the national representation; my task is to do everything possible to unite both of these. This programme resulted in reducing his party to impotence and depriving it of any parliamentary justification.

This exposure before its masters, the government and capital, of the absolute worthlessness of the S.P.P. in the "ideological" struggle against Communism raised the possibility of its services being dispensed with altogether (a comparatively large number of seats in the Sejm have no real value due to the policy of reducing the Sejm to a mere figurehead). What is more, the S.P.P. leaders foreseeing this possible danger decided to resort to other measures in their struggle with Communism, to physical force. Nor was this the first time they had had recourse to such measures. Already in 1925, a leading Communist, the leader of the Warsaw workers, was shot after speaking against the S.P.P. The May First shootings in 1926 had further paved the way for these tactics. Hence the S.P.P. leaders decided on the mass shooting of Communists on the occasion of the First of May demonstration this year.

That dirty rag called "The Worker" in subsequent issues made it clear that this monstrous crime was part of a strategic plan for "political" ends. The plan is as follows: To declare the First of May bloodshed to have been the result of "Communist provocation," the work of their hands, in spite of the testimony of tens of thousands of living people. And then to use this base lie as an excuse to remove Communists by physical force from leading and elected posts in all workers' organisations and all institutions.

The Warsaw S.P.P. conference, which took place

on May 2nd, declared that the first shots were fired by "the agents of Moscow" and that the bloodshed was solely the fault of the Communists. Delegates called for "mass liquidation of Communist influence (!)," the removal of Communist delegates from factories, from leading positions in trade unions, co-operatives and other organisations. The leading article in "The Worker," on May 6th, entitled "The Reason of the Struggle" repeats this plan: "It is necessary to remove all Communists from leading positions in the working class movement in the same way as we have already removed them from the leadership of the trade union movement."

However, the Fascist government has its own plans and its own methods for the same ends—the destruction of Communist organisations. Fearing that the S.P.P. volunteer hangmen might finish the operation without its help the government organ "Głos Prawdy" writes on May 6th in an article entitled: "Some killed, some score seriously wounded, some hundreds slightly wounded":

"If there is any question of fighting the Communists, it is not the work of the meddlesome S.P.P. militia to practise on the Theatre Square by firing volleys into the crowd to protect themselves as they say from the provocative behaviour of the Communist demonstrators . . . The business of fighting the Communists may well be left to the forces for the protection of the public and does not require the intervention of 'the protectors of parliamentary democracy.' Their rhythmic volleys do not advance the task of liquidating Communism. It is typical that the gentlemen of 'The Worker' could not find a single word to condemn the action of the 'militant militia,' which shed so much innocent blood. And another point of interest in this affair is, three-fourths of the victims of the Theatre Square massacre were Jewish workers. This is how those act who are so ready to accuse others of anti-semitism; they show their bravery by this attack on one of the national minorities."

It is now generally known that some days later in the Budget Commission the Minister of the Interior, Skladkovsky (he conducted the attack on the Communist deputies personally on the opening day of the Sejm) unfolded a complete programme of war against Communism. Simultaneously the Sejm commission for the immunity of deputies decided to hand over to the courts a Communist deputy from the Dombrov Basin and to table a question as to the handing over of another deputy for the decision of the President of the Sejm, Dashinsky. The opportunity of a half-empty House was seized to hand over this comrade to the court, a majority being obtained by the absence of the S.P.P. deputies from the session.

And all the time the papers were full of disclosures about those who were in the service of the secret police, two S.P.P. deputies being the permanent informers of this institution. These leaders of the S.P.P. serve capitalism and Fascism not only from fear but as a matter of conscience. Without them—with or without the consent of the government—the business of fighting the revolution cannot go on.

We have now recorded everything, both the special and the general traits of the Polish section of the Second International.

# The Budget of British Imperialism

R. Page Arnot

THE annual British budget, the last edition of which was presented by Mr. Winston Churchill to the British House of Commons at the end of April, is more than an annual balance sheet of the State finances. It is both a barometer of class pressure and an indication of future policy. On special occasions, such as in the 1909 budget of Lloyd George which precipitated a struggle between the landlord class and was the last expiring flicker of petty bourgeois radicalism, it is used for what the newspapers call "far-reaching measures of social reform." This budget of Churchill's marks one of these special occasions.

What is the general position of the British bourgeoisie? Their most trying moments of colonial revolt in the years immediately succeeding the war were successfully passed through; they may look back on these years of 1918 to 1922 and marvel at their escapes from the Irish Sinn Féin movement and from the mass movement (Gandhi-led and Gandhi-betrayed) in India. But in spite of their escape in the immediate post-war years, despite their successes against the miners and against many other enemies, nothing that the bourgeoisie has done stops the economic decline which like a ceaseless river is washing away the foundations of British imperialism. As a consequence and effect of this decline upon the position of the British workers and the colonial masses, they are faced with a continual danger of revolution. Communism in England is something against which they are continually building dykes while at the same time Communism in Russia is something against which they are building their encircling alliances.

Therefore the last few years have witnessed a steady progressive and concerted effort on the part of British capitalism to restore its foundations and to resume the place it once held in the capitalist world. This process began immediately after the capitalists had felt the first fury of the world crisis, was continued throughout the democratic-pacifist era of MacDonald under whose auspices the Dawes Plan was passed and took on a more definite and purposeful shape in the Baldwin Government of the last four years. Just as the Balfour Committee on Industry and Trade has been throughout this period carrying out a systematic examination of the means and methods by which stabilisation can be brought about, so each year Mr. Winston Churchill, Chancellor of the Exchequer, has brought forward concrete proposals for capitalist re-establishment. Of these the first was the famous restoration of the gold standard in the budget of 1925; but the stabilisation of capitalism could only be accomplished at the expense of the workers. The gold standard meant the reducing of export prices to the world level, a process which could only be carried out by the forcing down of the wages of the workers in all industries; from which in turn there followed the endeavour to cut wages and lengthen hours, successfully carried out in the defeat of the miners through the treachery of the social reformists in the year 1926. Nevertheless, the defeats of the General Strike and of the miners were bought at a heavy price.

Economically a great sacrifice was made in order to maintain at its highest point the political domination of the bourgeoisie. Last year, too, the further steps in the consolidation of British imperialism, namely, the breach with Soviet Russia and the intervention in China, were each bought at a high financial price.

The figures of this year's budget therefore simply show the national finances of the bourgeoisie to be anything but healthy. The reconstruction of capitalism is proceeding only with the utmost difficulty: stabilisation is a process with frequent breaks and downward sags. The more this becomes clear the more the bourgeoisie endeavour by concerting all the various means—financial, economic, industrial and political—into one general policy, to carry out the reconstruction that is so sorely needed. Therefore, we have in the course of the past year, government action, action by Mond and the employers, action by the trade union bureaucracy now completely solid with the government and with the employers, action on the diplomatic field, and action in every other possible way. In this highly concentrated and co-ordinated policy the present budget of Winston Churchill plays an important part.

## Contents of the Budget

The budget speech of Churchill was, therefore, of a programmatic character. It contained four main points: first, the annual balancing of accounts and the means by which this could be done; secondly, the amalgamation of the Treasury Note Issues with the issues of the Bank of England; thirdly, the consolidation of the payment of debts into an annual sum of 355 million pounds; fourthly, and most important for our present purpose, certain proposals for the relief of local rates. With regard to the first three points all that need be said is this; that the balance of revenue and expenditure is only now accomplished with a good deal of difficulty. The coal stoppage had a very serious effect on income taxes and super-tax returns. The figures are gigantic. The "Economist" in its budget supplement of the 21st of April, put the tax revenue at 693 million pounds, which it took to be equal to sixteen and a half per cent. of the total national income. Local taxation is estimated at something over 188 million pounds, so that the total amount of taxes paid in Britain, national and local, are reckoned at something about twenty-one per cent. of the national income. This enormous expenditure is made up, to a large extent, of armaments and national debts. These are also the only two sources from which the bourgeoisie can make a substantial cut in their expenditures.

But the Tri-partite Naval Conference of Geneva (with the growing Anglo-American rivalry) and the refusal to consider the Soviet proposals for disarmament, shows that far from being reduced any appreciable extent, the armaments burden, with the increased mechanisation of warfare, become steadily more costly.

The national debt, which amounts to a dead weight

**The Budget—continued**

of nearly eight thousand million pounds, can only be met either by repudiation (which is Bolshevism and is, therefore, ruled out) or by various nibbling proposals which in their totality amount almost to nothing. Each year intermediate between repudiation and the various small financial shifts comes the more sweeping proposals of capital levy, etc. Now it is true that in the year 1917, Mr. Bonar Law, then Chancellor of the Exchequer, expressed what presumably was the view of the Treasury officials when he gave his consent to the idea of a capital levy. During the immediate post-war years the great burden of the national debt, so it seemed to the petty bourgeoisie, might be met by a levy on capital, which accordingly was made the main platform of the Labour Party's programme in 1922 (and with a weakening note in 1923 also). But by 1924 the capital levy had disappeared from the Labour Party's programme as far as any emphasis was concerned. In 1927 it was officially buried and the "Surtax" proposal put in its place. Now, with the growing strength of the rentier class, Churchill in his budget proposes a measure which stabilises the national debt and is stated by him as an alternative to all capital levy and Surtax proposals. Churchill blandly said:

"... Even quite high authorities tell us that we are making no headway in paying off our gigantic debt, and they preach the need of some pronounced taxation like a surtax or a capital levy, which they declare will be urgently required if we are not to be oppressed for an indefinite number of generations by this crushing burden. Of course, these fears and their supposed remedies are both equally futile. We have only to go on paying the same sort of sums as we are paying now, steadily and punctually, and the debt will be extinguished in the life term of some of those who are now listening to me."

He, therefore, proposed to set up a fixed debt charge of 355 million pounds. The national debt is now more firmly established than the Church of England. The whole of the rentier class are definitely reassured and at the same time the workers are told, in the most uncompromising tone, that there will be extracted from them additional surplus value to the tune of 355 million pounds per annum.

**Rating Proposals**

The main feature of the budget was the proposed change in the rating system in order to relieve heavy industry. Local taxes, or rates, in England are imposed by both small and large local authorities. They are based on the assessed value of the land and buildings occupied. Since the assessed value of lands, factories and houses can be expressed in terms of the annual rental the rate is usually stated as so many shillings on every pound of rent. This is the form of taxation. The revenue thus obtained is spent on a variety of local purposes such as police, education, sanitation, etc. Amongst these various local purposes one is particularly effected by the decline of British capitalism and by the slump of the last eight years. The relief of the poor has been an obligation for the last three hundred years on all local authorities. This relief

has grown enormously with the growth of unemployment. The unemployed have increased most of all in the centres of heavy industry and accordingly at these places the rates have risen highest. This, say the heavy industry employers, presses particularly hard on them. Consequently there has been a transference of lighter industries from the industrial north of England to the south of England in the last seven years. Churchill's proposal is that the rates now levied by local authorities to the extent of seventy-five per cent., shall no longer be levied on productive enterprises employing manual labour. Capital, in the form of means of production, is to bear only one-quarter of the rate that falls on the petty bourgeois engaged in distribution, or on the working class in their dwellings. The money that is thus needed will be provided from the National Exchequer, for which purpose a special tax of fourpence a gallon is to be placed on petrol.

At the same time the change in the rating system is to be accompanied by a transfer of powers from the smaller to the larger authorities. Those in brief are the main points of Churchill's reform of rating proposals.

**What is Behind this Proposal?**

First of all, not only heavy industry in the state of decline, but all industrial plants are to receive the benefit of this three-quarters relief from local taxation. Secondly, railways, docks and canals are to have this relief only on condition that the whole of the relief in rates shall be applied to the reduction of freights on agricultural produce and on coal, coke, pit props, iron ore, manganese ore and limestone, amounting to what is believed to be an eight per cent. reduction of freight for this particular traffic. Thirdly, agriculture is to be relieved of all rates whatsoever. This is a further application of the Agricultural Rates Acts of 1896 when the Conservative Government of that period began to help the landlords by relieving farm buildings and agricultural land to the extent of a quarter of their rates. This relief was afterwards increased to three-quarters, and now all farmers are exempted from these local rates. The farm labourer's cottage, however, is still subject to the rates.

**The Provision of Money for Rating Relief**

The central government has to provide some 30 million pounds which will be required to meet this exemption from local taxes. For this purpose Churchill proposes first of all to build up a fund in this budget and in his next budget and not to apply any relief until October, 1929, by which time he will have a year and a half of this specially raised money in hand. This calculation both enables him to have additional funds in hand during the next eighteen months to be applied if any such event as another Shanghai expedition or another great strike were to occur, while at the same time, it appears to aid the general election campaign in the month of October, 1929, and to insure for Baldwin the votes of the farmers and landlords (the former of whom have been complaining bitterly against the Baldwin Government) as well as of the other interests into whose mouth he will at that very moment drop the ripe plum of rating relief.

**The Budget—continued**

The means by which the money will be raised is first of all by the duty on light oils (petrol) of fourpence a gallon and various small additional duties of a protective nature. The petrol tax it is estimated, will bring in some 17 million pounds in a full year and presumably in order to meet the balance of 30 million pounds necessary to fill the gap some other means or raising money will be produced in next year's budget.

It should be noticed that the duty on oil is itself also part of the scheme for rationalisation and assists the heavy industries. Fuel oil is entirely imported into Britain from the U.S.A. and other countries of the new world, and from the middle East and the East Indies, while coal, at one time entirely a fuel export of Britain whose volume increased every year, has now, by its contraction, been one of the chief causes of the decline. One of the methods proposed for the restoration of the coal industry to its previous pride of place is the development of coal distillation, carbonisation, hydrogenation, etc., and various other processes by which coal is made to furnish by-products amongst which are light hydro-carbon oils. Taxes on imported petrol thus give at once an impetus to the use of coal as a fuel and to the use of coal by-products.

In the second place, the duty on light oils of fourpence a gallon, amounting at the moment to over 30 per cent., gives an immediate advantage to rail transportation as against road transportation. Why should the government wish to aid the railways as against roads? There are a considerable number of reasons, some of which are indicated above, but the most important is that something well over a milliard pounds of capital are invested in railways and the shareholders of this railway capital (now organised into four great railway trusts) exercise the greatest possible weight in the government, in parliament and throughout all the industries.

At this stage it is possible to consider the purposes of this budget as so far set forth. Clearly what we must ask is what class does it benefit? Or rather, since we are not under any illusions that it might be designed to benefit the working class, how exactly is it designed to fulfil this double purpose, viz., to help in the general rationalisation of British industry and secondly, so to do this as to gain the political support of as many classes as possible?

**What Does Churchill Give to the Landlords?**

Agriculture, already by successive acts relieved of three-quarters of the rates, is now to have the remaining quarter taken away. This means a present to the farmers immediately (and, as leases are renewed, to the landlords ultimately) of four and three-quarter millions a year. When previous exemptions of agricultural land and buildings are taken into account it now means that the sum of 19 million a year is henceforth to be remitted in local rates as regards agricultural interests. By this stroke Churchill at once rallies the complaining farmers' interests to the support of the Conservatives and at the same time makes a further present to the landlords who will gradually and remorselessly raise the rents of the farmers.

**How does Churchill Help the Bourgeoisie?**

First, by remitting three-quarters of the direct rates on heavy industry; secondly (with the concurrence of the railway companies) by thrusting on to the general revenue the reduction in freights which will bring them more traffic and more profits. But lest the new rising industries might in disgust at not receiving relief transfer their allegiance to Liberalism, for which at the moment they tend to form an economic basis, Churchill smashes the Liberal revival by granting the three-quarter relief to all industrial plants. Clearly this means that the landlords, the farmers and the industrial bourgeoisie are to be benefited at the expense of the shopkeepers, the salaried middle class and the proletariat. Therefore, in order to buy off the enmity of the petty bourgeoisie, Churchill has introduced another device in this budget which will bring relief exactly where the shoe pinches. The petty bourgeoisie above all feel most acutely not the indirect taxation or the enhanced prices charged by monopolies, but the pressure of the income tax. The existing relief of income tax is bound up with the number of children. For each child of an income-tax payer the State remits the amount of £27. The price of babies is now to be raised and every petty bourgeois will now receive £50 remission of income tax in consideration for each baby produced up to the age of sixteen. By this means Churchill hopes to buy over the petty bourgeoisie.

Actually the proposal for family reliefs are put forward by Churchill as a means of meeting the decline in the birth rate. "The notable decline in the birth rate since the war," says Churchill, "is a convincing witness of the burden upon parents who have young children depending upon them." And he goes on to amplify these reasons by quoting in the best Mussolini manner the law of the Ancient Romans and of Julius Cæsar, the "Jus Trium Liberorum." It is true that the birth rate has fallen since the war; the figures are startling. In the year 1920 in which the working class was receiving relatively high wages and fairly full employment, the birth rate stood at 25.5 per thousand. It has come down in the succeeding years with a rush until it now (in 1927) stands at 16.8. But does this mean that it is the petty bourgeoisie and the bourgeoisie who have been the hardest hit? No! A moment's consideration shows that the declining birth rate of such magnitude can only be accounted for by a decline in the birth rate of the largest class, the proletariat, due to a terrific decline in their standard of living. This is immediately borne out by a consideration of the figures of income taxes. The following table giving an analysis of actual income during the last three years shows that the tax revenue

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and, therefore, the income of other classes, including the salaried class and the petty bourgeoisie, has been rising steadily, while the revenue from wages has been equally steadily falling.

**ANALYSIS OF ACTUAL INCOME**

		(in millions of pounds)		
Schedule	Income from	1924-25	1925-26	1926-27 Estimates
A	The ownership of lands, houses, etc. . . . .	362	369	385
B	The occupation of lands, etc. . . . .	49	49	49
C	British, Dominion and foreign Government securities . . . . .	151	153	156
D	Businesses, professions, employments* . . . . .	1,323	1,361	1,380
E	(1) Salaries of Government, corporation and public company officials and employments . . . . .	712	735	745
	(2) Do. weekly wage earners . . . . .	371	274	185
	Total . . . . .	2,970	2,944	2,900

Thus, it is clear that it is precisely those classes whose income has been rising who are to be further benefited by the new budget, while any relief given to the small number of wage-earners who pay income tax will be more than negated by the rise in the cost of living occasioned by the new petrol tax and by the reduction in wages which is the main feature of the general rationalisation that this budget is calculated to further. The budget was officially blessed by Sir Alfred Mond head of the rationalised chemical industry, leading figure in the Industrial Peace negotiations (by which rationalisation is to be carried out with the aid of the trade unions) and chairman of the new Anglo-American Investment Trust, the latest development of high finance. In view of all these circumstances small wonder that Lloyd George employed his demagogic talents to say he "was not surprised that Sir Alfred Mond approved of the projects in the budget. He would indeed be a very ungrateful man if he did not do so," and ended his speech by saying "the Right Honourable Gentleman was taking to the Promised Land the Federation of British Industries, the miners' owners' association and the land-owners, while the vast majority of the people of this country were left on the arid side of Jordan." The devil can quote Scripture for his own purposes!

**Further Aspects of the Budget**

The concerted policy of reconstruction of capitalism and the building of dykes against the revolution does not end with the proposals so far enumerated. Arrangements for the repayment to the local authorities of the sources of revenue, of which they are now to be deprived, necessitates a parliamentary bill: more will go into this bill than mere financial rearrangements. "Advantage will be taken," says Churchill, "of this unique opportunity to carry out those reforms in local government which are long overdue and upon the principle of which the government has already reached definite conclusions.

\* In 1923-24 and subsequent years, employments (including weekly wage-earners) were assessed under Schedule E.

. . . . This main local government bill of the winter must inevitably become the most important measure of its kind since 1888, and perhaps since 1834."

What are these "reforms in local government?" First, they will be the establishment of a system of block grants to localities from the central government. By this means Whitehall, the seat of government, will be enabled to gain a much greater centralised control over the local authorities than they at present possess and it will thus be able to hamper any growth of working class control of municipalities. For the growth of this working-class influence, especially in the mining areas and in the boroughs of London, has caused the bourgeoisie much anxiety in recent years.

Secondly, an opportunity will be taken to destroy the small local authorities charged with the relief of the poor and subject to the pressure of the proletariat (who in the time of the mining lock-out in 1926 were sufficiently influential in the small mining areas to compel poor relief to be granted to the locked-out miners on a scale which, together with the assistance from the Soviet workers and other workers, enabled the miners to struggle for seven long months and compelled the government in turn to introduce measures to suppress local authorities (who gave much help to the miners, their wives and children), and to transfer their functions to larger regional authorities such as the County Councils. Again and again in his speech Churchill made plain that one of the objects of the new proposals was to destroy the growth of revolutionary sentiment in the big towns and the possibilities of the proletariat using the positions in the minor local authorities to aid strikers and unemployed. Hence his reference to "the atmosphere of discontent caused by distress," and again to "the political consequences of distress," and the movement of industry "from the industrial north to the politically more settled and highly-rated south." It becomes clear then that the new rate relief has as part of its object the building of a closed centralised grasp of the State machine upon the localities in which the proletariat in the smaller local bodies had made alarming inroads, and secondly, the actual abolition of small Boards of Guardians and other small authorities on which revolutionary workers had obtained majorities. Steps towards this had already been taken: with this rating relief measure these steps will now be carried through. In this it is impossible not to see the further application of the policy of consolidation of the State

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**The Budget—continued**

apparatus and of the whole machinery of government in which the various local acts, the House of Lords' proposals and the recent extension of the franchise to five million women are all co-ordinated parts.

More than that it is clear that it was not without warrant that Churchill has shown himself an imitator of Mussolini. It is notorious that the British governing circles have been highly impressed by the Fascist regime and have studied very carefully the corporate State. Its large unit and the possibility they give of concentration and co-ordination with the central State power

on the one hand and manipulation by big political parties on the other hand is a lesson that was not lost upon them. In these reforms of local government are to be seen part of what is now, at any rate to the Churchills and Chamberlains, a concerted policy of consolidation of capitalism in which the building of a new, more developed form of capitalist State holds a prominent place. It is not without significance that it is in one budget that we have proposals which are designed not only to help rationalisation of industry, but to forward this new development in the structure of the capitalist State.

(To be Concluded.)

# The French Elections and the Policy of the Communist Party

Jules Humbert-Droz

**B**EFORE the French election campaign some important occurrences marked the work within the Communist Party. The Party exercised severe self-criticism, as shown in the open letter of the C.C. in November, 1927, and also in the resolution adopted at the national conference in January. The political policy of the Party, expressed in the slogan "Class against Class," compelled the Communist Party candidates to stand alone against the joint bloc of all the bourgeoisie and socialist candidates, for the socialists refused to accept our united front proposals for an open struggle against capitalism.

Our opponents, especially the socialists whose political intelligence can see no further than the lobby in the House of Parliament, interpreted the November open letter and the resolutions of the national conference in January and of the last session of the Comintern on the French question as nothing but a preparatory manoeuvre for the electoral campaign. Leon Blum tried to resurrect the Zinoviev letter stunt, which had had such success in England, and hinted in the "Populaire" that the executive of the French Party had taken the train to Berlin there to receive orders from the Russian ambassador Litvinov in person.

In reality, however, the electoral tactics of the C.P.F. were only a limited application of the new policy adopted by the Party. The manner in which the Party as a whole conducted the electoral campaign proves that the Communist war-cry "Class against Class" will continue to dominate the political and social struggle in France in the years to come. This cry dominated the entire electoral campaign and silenced the last echoes of the old French parliamentary campaign of the Reds against the Whites, whilst establishing the great national union, the anti-Communist and anti-proletarian bloc from the royalist Daudet to the Trotskyist Souvarine.

## The Reorganisation of the French Party

The decisions taken by the Party and the Comintern during the past six months mark one of the most important

stages in the history of the French Communist Party.

Our French Communist Party was not formed like other big parties—the German, Polish and Italian—in the civil war against the bourgeoisie. The revolutionary workers in Paris did not see the socialists at the other side of the barricades directing machine-gun fire against the workers and slaying the best militant Communists; the Communist Party (which was the outcome of the split at Tours) was far from being a Bolshevik party.

Too many petty bourgeois elements, attracted by the revolutionary spirit of the period immediately after the war, were included in the ranks of the Communist Party. They brought with them all their individualist mentality and were incapable of conforming to the discipline of a fighting organisation. There were in the ranks of the Party many political careerists, parliamentary duds, mayors from the Paris suburbs, whose aim was to exploit for personal ends the big mass movement caused by the war and the Russian revolution. Furthermore, the Party attracted sincere anarcho-syndicalists, hopelessly bound up in their sectarian and sterile doctrine, who were fascinated by the Russian revolution; then there were the youth who wanted to show their hatred against the war that had sacrificed their youth and above all the big mass of workers and peasants disillusioned by the social patriotism which had delivered them up to imperialism, who turned away from social democracy and turned to the Russian revolution to realise their hopes.

Out of all this it was necessary to make a Communist Party. Crises were unavoidable, cleansings were necessary to get rid of the dross, to leave behind those impossible of assimilation, to drive out the careerists and the disillusioned petty bourgeoisie. During this big crisis of the growth of the Party, which was in reality a sign of vitality—only petty bourgeois elements foreign to the working class like Souvarine could interpret it as a sign of decomposition—it was necessary to emancipate the Party from the social-democratic rut, to purge it of the parliamentary cretinism so pronounced in France, and to make this party a big party of the

**The French Elections—continued**

class struggle, a revolutionary party, avoiding at the same time all sectarianism, revolutionary phrases and gesticulations which so often serve to mask opportunism.

The difficulties in the way of attaining such a result are greater in France than elsewhere. Before the war France was a country where the peasantry and the petty bourgeoisie predominated, where political life was dominated by the skirmishes of the old guard of the century-old struggle of the Jacobin and Voltairian bourgeoisie against clerical reaction and the survivals of the old regime. But the social complex of France is changing more and more, and conforming with the new economic structure of the country; big capitalism has been born and is developing, France is becoming industrialised and is becoming a big colonial and imperialist power. The workers are concentrated in definite industrial centres. The class struggle begins to become manifest. External political life was always dominated by the struggle of the right against the Left. The social-democrats constituted the extreme left, but this survival of the past masked a new fundamental antagonism, which was to gain prominence through the social and economic forces which rule the political and social struggles of modern France: class against class, proletariat against bourgeoisie.

On the eve of the war the radical petty bourgeoisie had already lost control of the State apparatus. The election of Poincaré, the man of the big imperialist bourgeoisie, to the Presidency of the Republic was one of the most characteristic manifestations of the decline of the power of the petty bourgeoisie in favour of big capital. The war and the period immediately following hastened this process by the quick industrialisation of the country, the annexation of the industrial regions of Alsace-Lorraine, the extension of the colonies and the imperialist role which France now played in the world. The big bourgeoisie began to gain in strength. Big combines were organised. The workers also grew in number and in both economic and social importance, whilst the petty bourgeoisie partially ruined by the war and the peasantry bled by the war were faced with a decline in their economic role and a reduction of their social basis. Parliamentary political life with its traditional groups and its old catchwords: "Left" and "right," is becoming more and more an anachronism.

Although present developments tend to increase the role of the big bourgeoisie and the proletariat and reduce that of the peasantry and the petty bourgeoisie, still it must not be overlooked that the petty bourgeoisie and the peasantry constitute a considerable body of the population and that the formula of "Class against Class" is rather the indication of a tendency than an interpretation of the actual state of affairs in France at present.

The formation of the Left Cartel in 1924 against the National Bloc was the attempt of the petty bourgeoisie to react against the imperialist policy of big capitalism. The Chamber of May 11th, 1924 was elected against the war policy of Poincaré after the occupation of the Ruhr, against the taxation policy and increasing inflation. The experience of the party government of the petty bourgeoisie, supported by a considerable group of the workers represented by the Socialist Party, has shown

that the French petty bourgeoisie, which is still powerful enough to create a parliamentary majority, is incapable of realising a policy of its own or to have an economic or political programme different from the big bourgeoisie. After a few symbolic gestures to give the semblance of power, such as the expulsion of Millerand from the Elysée, the Cartel became the servile executor of the will of French imperialism under the pressure of big finance and industrial capital.

The Chamber of the Left Cartel was in all matters of vital importance to French imperialism the servant of big capital and against the working class, against the mass of the peasants and even against the interests of the petty bourgeoisie. It was when the "left" was in power that the colonial wars began and the oppression of those colonies already subjugated was intensified, the army was reorganised on lines to ensure the complete militarisation of the nation, rationalisation was carried out at the expense of the workers, heavy duties were imposed on commodities, thus intensifying the capitalist fiscal policy of the National Bloc, greatly increasing customs and consequently the cost of living for the masses, the national minorities in Alsace-Lorraine were oppressed, so too were all revolutionary organisations, the workers, the peasants, the soldiers and sailors, etc.

The petty bourgeois parties, even the Socialist Party, were not only the supporters of this vast imperialist policy, they were the conscious inspirers of it. Boncour defended military reorganisation, Spinasse rationalisation, Jouhaux and the Socialist Party voted credits for the Morocco war and secret funds for the political police. The last act of this "left" Chamber was the National Union under the heel of Poincaré in the war on Communism. The National Union is quite a different political organisation from the old National Bloc; it expresses the capitulation of the petty bourgeoisie to big capital and its support of imperialist policy. The evacuation of the Ruhr, the recognition of the U.S.S.R., the Locarno and Geneva parleys, which the "left" paraded as its "doings" before the masses, were only realised in accordance with and at the behest of the big bourgeoisie. The "Comité des Forges" had concluded the steel agreement with the German industrialists before Stresemann and Briand fell into one another's arms at Thoiry. The change in policy in respect of Germany and the U.S.S.R., under Herriot was the wish of the big bourgeoisie after the hitch in the policy of the occupation of the Ruhr and the formation of a Rhine republic dependent on French imperialism.

The Communist International was obliged to impress on the French Party the importance and the extent of the changes which were taking place in the economic and social structure of France and their inevitable effects on the trend of political events. The Comintern was forced to give the C.P.F. a definite class character, to cut the bonds which bound it up with the bourgeoisie of the "left" and its adherence to out-of-date parliamentary methods. This struggle has been going on for several years; it began at Tours by the refusal to admit the centrists and opportunists of the Socialist Party into the C.I., many expulsions and crises have been the result. The decisions made at the Fourth World Congress on freemasonry were based on the same reasons as the decisions made during the past six months. Many of the letters sent to the Party executive

**The French Elections—continued**

pointed out the danger the Party was running of becoming an appendix, a tool of the Left Bloc, the party of the extreme left of French "democracy."

During the ascendancy of the "leftists" Suzanne Girault and Treint, the Executive wrote on the eve of the Clichy Congress:

"The paragraph in your theses on the anti-Fascist bloc should be greatly modified. In its present form this paragraph is not only confusing, but contains ideas of great danger to the Party. It is true that the Party should try to form a powerful united front against Fascism, composed of all the workers, peasants and available groups in the middle class. But no political bloc should be formed with these petty bourgeois elements based on a programme of opposition to Fascism. It is essential in this big anti-Fascist movement to stress the predominant role of the proletariat and the role of the Communist Party as guide, the Party should become the centre of the class struggle against Fascism and not merely a section of the extreme left of an anti-Fascist opposition composed of bourgeois elements. The workers should approach the peasants, who are their natural allies, and the Party should work amongst them in order to conquer Fascism. It ought to try to attract those groups from amongst the bourgeoisie who are most proletarianised and accessible for our propaganda and thereby neutralise it and not become its ally. For this purpose it should have an ideological basis to carry out its campaigns so as to attract the workers, the peasants and certain groups of the petty bourgeoisie away from the influence of the so-called left parties on the way to Fascism. The idea of the "Working Class" [in the extremely wide sense, e.g., the "People"] should be completely abandoned, for it, more than the toiling masses and peasantry, comprises intellectual and petty bourgeois elements. There is only a question of the working class where the proletariat and peasants should be closely united for the struggle.

"The idea which should permeate all our activities and especially our anti-Fascist activity is that of the proletarian working class which should have the hegemony over all the other working classes."

Later, in 1926, before the Lille Congress the Comintern again insisted in a letter to the Party:

"If we understood the reports of the Central Executive discussions of April correctly, it seems that there were certain speeches made in defence of the united front of the C.P.F. with the political organisations of the left bourgeoisie. The comrade who reported on the application of the united front in Brittany showed that the united front was incorrectly interpreted. As a matter of fact the Party in Brittany has often been simply a tool of the Left Bloc. . . .

"(1) In the application of the united front our Party should first of all have in mind the establishment of a proletarian united front, for only

the rallying of the most important sections of the proletariat around our slogans can give a sound basis to the idea of the leadership of the proletariat in the struggle against big capital.

"(2) In all written or oral statements made by the Party the leadership of the working class should be insisted upon in the united front with the non-proletarian workers.

"(3) In the struggle to extend our influence on the petty bourgeoisie who are being ruined and on the masses of the peasantry our Party should not seek allies in the radical organisations of the petty bourgeoisie, such as the "Ligue des Droits de l'Homme et du Citoyen," the various free-thinkers' associations, etc. . . , but should organise the large groups of the petty bourgeoisie and peasants, who are outside these organisations and against them, on the basis of their economic interests. . . .

"It is necessary whenever the Party thinks it wise to join up with these organisations, not to form a united front with them, but to hold a demonstration against war or Fascism, etc., that the Party preserves all its liberty of criticism in respect of these organisations and that it makes use of it, that it retains the right to issue its own slogans and does not consent to restrict its activity to a programme determined by these organisations.

"If these measures are not taken, then instead of practising the united front we shall simply finish up by rallying to the demonstrations of the Left Cartel.

"Generally speaking, our Party may expect the organisations of the Left Bloc to take the initiative in the demonstrations which they invite us to join. Our Party, especially in the provinces, must be more active and itself take the initiative and give its demonstrations and propositions the character of a proletarian united front by endeavouring to attract the economic organisations of the peasants and the petty bourgeoisie to support the initiative taken by the workers and not by inviting petty bourgeois organisations to form a united front.

"The Party must take care not to fall back into the old mistake on the united front question which was corrected at the December 2nd conference and at the Plenum, but neither should it under-estimate the dangers which exist, especially in the provinces, in carrying out the united front policy and which may make our Party the tool of the Left Bloc. . . ."

At the end of 1927 the danger of deviation in the Party increased; the approaching election campaign in spring caused certain organisations to enter into discussions with the socialists as to the possibility of fusing the two parties, the political bureau declared in favour of joint candidates with the socialists; in the Nord, the Sarthe, the suburbs of Paris, etc., the Party made a selection from the left candidates for the Seine elections and in order to eliminate the worst, drew up a list composed of one Communist, five socialists, and four "good" bourgeois lefts.

The International intervened once again and sent a

**The French Elections—continued**

letter condemning the practice of forming a temporary united front with left bourgeois organisations, the tactic of joint candidates with the Socialist Party and the manoeuvres made on the occasion of the Seine elections. It is not without interest to point out that it is Treint, now a supporter of the Russian Opposition, who criticises the opportunism of the Communist International, although he was the most ardent supporter of the opportunist tactics of the French Party.

Albert Sarraut, Minister of the Interior, has served as the greatest supporter of the International in making clear to the French Party that it was pursuing a false policy, and in developing its class-consciousness and revolutionary spirit. The attacks on the Communist Party opened most comrades' eyes. The Party policy in opposing the attacks was criticised by the youth, the nuclei, the districts and the Paris district committee, and the Party executive, and this criticism quickly developed into a criticism of the entire activity of the Party. The Party proceeded to reform its policy with the result that the formula of "Class against Class" was issued like a clarion call during the election campaign and remains the basis of the whole activity of the Party.

The attitude which the Party adopted in November and which has since developed during the election campaign with success denoted a big step forward which may be decisive in establishing a real Bolshevik Party in France. The election policy seemed like an episode in the process of the formation of the French Communist Party. But to isolate it from the entire history of the Party, to consider it apart from the decisions taken at Tours, the Fourth World Congress and the pressure brought to bear by the International to make the Party considered by the masses a real proletarian party—the party of the revolutionary class struggle would be equivalent to a complete misunderstanding and would force us, like Blum and Souvarine, to seek the meaning of the Party election policy in the stupid gossip and stories of the police.

**The Elections against Communism**

What effect had the Communist Party policy? For the first time in the history of the French parliament the struggle "class against class" dominated the fight of the right against the left. Sarraut's slogan that Communism is the enemy became the rallying cry of all parties and the most rabid participants in this anti-Communist battle were naturally the Socialist Party with its allies, the Trotskyists. These would-be revolutionaries, who accused the International of degeneracy and opportunism, declared themselves wholeheartedly for election tactics on the lines of republican discipline, thus making the C.P. a tacit adjunct of a new Left Bloc. They adopted on this occasion the same policy as the "Populaire" and thus exposed their social democratic ideology.

It would be a mistake to imagine that the National Union has already become a party which unites the mass of the peasantry and the petty bourgeoisie under the leadership of big capital. The National Union is a bloc, a coalition of parties which represent various in-

terests sometimes at variance, but which approve of the dominance of big capital. The French bourgeoisie is not interested in abolishing the traditional parties, the political associations of the petty bourgeoisie. On the contrary it is in its interest to have its imperialist policy camouflaged and presented to the peasant masses and petty bourgeoisie, who are still very numerous in France, by radical demagogues, to the workers by the Boncours, the Spinasses, the Jouhaux, the Paul Faures. It is in the interests of the French bourgeoisie to preserve the present social conditions and to present its policy in different guises with the traditional etiquette in order to fool the masses by continuing to utilise the make-believe struggle of the right against the left.

The slogan of "Class against Class" does not mean that the French Party closes its eyes to the existence of a large mass of the petty bourgeoisie, which belongs neither to the big bourgeoisie nor to the proletariat. Would it not be more correct now to speak of three classes and to take these three classes into consideration when deciding on our policy? First of all it must be made clear that the petty bourgeoisie is not a homogeneous class, but composed of workers, who differ very much in origin, tendencies and interests: peasants, also divided into various groups, artisans, intellectuals, traders, etc. There can be no question of an intermediary class. This heterogeneous body of petty bourgeois elements has just demonstrated its incapacity of having a policy of its own in the left Chamber. It constitutes a social force which stands apart from the economic and political life of France. Its political role is that of an ally, a supporter of one of the fundamental classes in capitalist society, either of the proletariat or the big capitalists who have a definite policy of their own. "Class against Class" does not signify that the Communist Party considers that the great mass of peasants and certain groups of the petty bourgeoisie have finally allied themselves to the bourgeoisie; this slogan merely denoted that these classes have ceased to play an active role in politics, and that they will be forced to acknowledge either the leadership of the proletariat or of the big bourgeoisie, despite their numerical strength. In the class struggle the Party must endeavour to attract the peasantry and certain groups of the petty bourgeoisie that have become proletarianised by defending their immediate interests.

The election campaign was a proof that the Party recognised this elementary truth. The change of tactics during the elections was due to the inability of the bourgeois parties to follow any other policy than that of French imperialism.

Did the masses understand the attitude of the Party? Some French comrades doubt this, but the election results provide a clear-cut reply to this question. The mass of the workers and a large number of peasants welcomed the Party tactics and expressed their confidence in it. The Communist Party put up a good fight against the National Union, the old Cartel, and especially against the Socialist Party and its imperialist policy. The workers understood this campaign.

Let us examine the results of the elections.

(a) Our Party has become stronger. In spite of government oppression and the fierce campaign against it, the Party increased its vote by more than 20 per

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**The French Elections—continued**

cent.—875,000 in 1924 to 1,069,000—almost 200,000 votes.

(b) This increase in the influence of the C.P. is specially noticeable in the most important industrial regions which had been under socialist influence. In all these regions the Socialist Party lost the votes which the Communists gained. In the Nord our Party gained 20,000, in Pas de Calais, 9,000, in Haute Vienne 13,000, in the Seine and Loire, the mining and industrial centre, the C.P. increased its vote from 4,000 in 1924 to more than 20,000, in Bas Rhin the gain was over 10,000 votes and more than 5,000 in Le Gard.

These figures show that in all industrial centres throughout the country there was a considerable mass movement marked by the passing of tens of thousands of workers from the influence of the Socialist Party to that of the C.P.

(c) The C.P. is the strongest party in the working class quarters in Paris and suburbs. It has maintained and even strengthened its vote by a gain of 5,000 in the first count, and even more in the second. It is superfluous to point out the importance of this situation from the revolutionary point of view. If the electoral system had not been specially directed against the Communist Party, if it had been Proportional Representation our Party would have had more than 60 successful candidates.

The results of the first count caused a united front of all parties to be formed against the Communist danger. Reactionary parties, in order to keep out Communist candidates, retired in favour of left candidates or even of socialists. In many of these transfers the socialists became the banner-bearers of the anti-Communist fight. The "Matin," inspired by the Minister of the Interior, wrote after the first count:

"The Communist candidates cannot hope to secure an absolute majority anywhere. To make sure of the defeat of the C.P. all that is necessary is to concentrate the votes of all the supporters of order on the most favourable candidate at the second, no matter to what party he belongs."

Thus we see that wherever our Party had a chance of returning a candidate the old republican discipline of the Reds against the right gave place automatically to class discipline, the bloc of all the supporters of bourgeois order against the party of the proletariat. The socialists were the most active and the most rabid in this struggle and gained at the second count the benefit of this bourgeois class discipline against Communism. One of the socialist organs, under the direction of the renegade Frossard, wrote thus about the task of the Socialist Party:

"The duty of socialists is clear: to fight every-

where there is a Communist. To spare in no way the suspicious Moscow agents who are working against democracy."

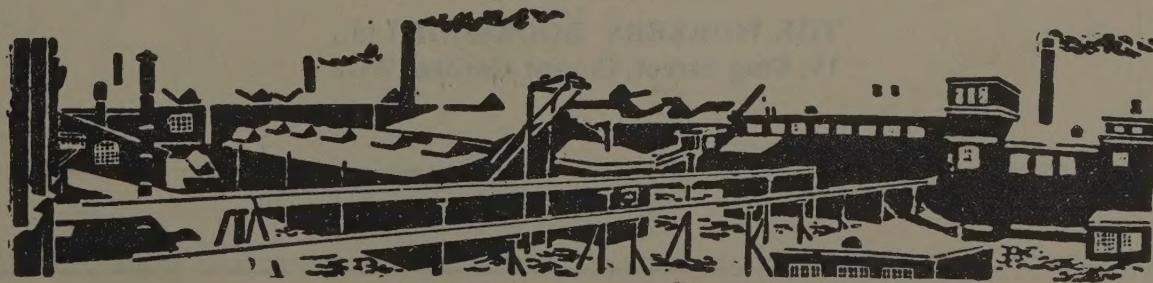
Throughout the article there is not one word against the National Union. In the agitation led by the "Populaire" during the week of the ballot all the attacks were levelled exclusively against the Communist Party. The socialists throughout the country refused the united front with the workers to join in the juggling of votes with the left bourgeoisie and even the most reactionary elements in their fight against Communists and the imprisoned candidates.

The new Chamber is a National Union Chamber—a fighting Chamber which will be a docile instrument of French imperialism against the working class at home, the colonial peoples and the Soviet Union abroad. The men who are the most representative of big industry, the "Comité des Forges," the coal magnates, the big railways and all the live and aggressive capitalist forces were elected at the first count. It is possible that the socialists, from whom the workers are turning more and more, will put up a certain opposition in order to support French imperialism in its offensive against the workers, at the same time restraining by their demagoguery the radicalisation of the masses and their transfer to the ranks of the Communists.

The Communist Party and the working class must expect increased oppression and a more violent offensive from this parliament. Every day shows more clearly the course of the struggle and the antagonism: "Class against Class."

The entire economic and political situation is heading towards an increase in the class struggle, especially in the factories. The election results prove that tremendous work must be done in trade union organisation and recruitment for the Party in the big industrial centres where the Party influence has been increased. "Class against Class" was not an election slogan; the election campaign brought it right into the heart of the masses and the Party should use it in the direct struggle of the workers against the employers, against capitalist rationalisation, against the pending imperialist war and the increasing repression.

The election campaign awakened the masses, mobilised them around the Party and its journal. The Party has an excellent basis for work; it is necessary to build on this basis without any unnecessary delay. The reorganisation of the Party has not been accomplished, it has only been begun. The correctness of the policy adopted by the Party and the International will be proved in the course of the work in the heart of the masses of the workers and peasants, in their everyday struggles which are continually increasing and intensifying. The elections were the first decisive justification of this policy.



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